

# Margin Call: How to Cut a Trillion from Defense

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by Kori Schake

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***Abstract:** America's military has proven incredibly effective and adaptive to the threats of the 9/11 era. It has not, however, been particularly cost-conscious. Insolvency is our gravest national security threat, and – thankfully – the Congress has finally gotten serious about dealing with it. Defense is in for a decade of austerity, of a magnitude that cannot be accommodated within current strategy and forces. Much higher risk will need to be accepted in how we fight our wars and address threats of lesser magnitude or longer lead times unless we find more innovative approaches. Foregoing counterinsurgencies, simplifying our war aims, protecting our advantages in creativity, restructuring military benefits, shifting greater responsibility to allies and emphasizing cost-exchange ratios in our operations will be necessary. It is a daunting list, and wearying to a military that has shouldered the burdens of wars for a decade with little contribution from our broader society. But it, or something like it, will also be necessary to redress the dangerous vulnerability or our debt.*

Historian Arnold Toynbee said that empires die by suicide, not homicide. Our country has been on a path to suicide by spending profligacy and it has resulted in a debt problem of enormous magnitude. This is our main strategic vulnerability, and our capacity to solve it will likely be the crucial test of whether American hegemony is perpetuated through the twenty-first century, or we have begun to decline.

Our country is facing a margin call. We have used borrowed money to purchase assets. Those assets are both discretionary (defense and other annual spending) and non-discretionary (entitlement payments and promises). External markets and internal regulators—in the form of the American electorate—have called into question whether we have the money to pay for the assets we have purchased. Receiving a margin call, the investor must either increase the amount of money on deposit or sell off assets.

Faced with difficult choices, the United States has two enormous advantages. First, Americans have acknowledged the problem and are

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engaged in an extended and boisterous debate on how to solve it. Second, U.S. military dominance is so substantial that we can absorb near-term risk of significant defense spending cuts in order to solve the larger strategic problem of our national indebtedness.

The coming cuts in defense will necessitate the first serious reconsideration in the 9/11 era of the strategy and requirements for U.S. military forces. The Department of Defense (DOD) is in the process of determining where to pare for the \$450 billion in cuts that constitute the first phase of the budget reductions; the more vexing question is how DOD would accommodate the additional \$600-800 billion that would come with sequestration or a second phase “super committee” agreement.

To operate within the constraints of such austerity, we will have to fight differently. The size of our forces will shrink further, even though they are already too small. We will not be able to sustain personnel-intensive wars like counter-insurgencies. The operational approaches available at lesser cost have daunting endogenous effects on our military and exogenous effects on the societies in territories where we will apply military force. We will become more reliant on reconstitution, extending the timelines beyond what we have come to take for granted as immediate availability of forces and rapid execution of war plans.

We may also need to forego important recalibrations, like allowing the Marine Corps to differentiate itself from the Army and refocus on amphibious operations, and the long overdue returning of the national guard and reserve to their traditional roles. Spending in other national security agencies—on which current war strategies rely—is almost certain to be reduced even more than in DOD, calling into question our ability to conduct “whole of government” operations. These developments will sorely test an American defense establishment that is already weary from a decade at war. They will further exacerbate civil-military ties already strained from being a military at war while the nation at large does not meaningfully share in—or even very well understand—its burdens and heartbreaks.

Allies, too, will be affected adversely by the extended austerity in U.S. defense spending. They will be forced to accept less assistance from American forces and programs, and longer timelines associated with receiving them. We will shine an unflattering light on what have become accepted divisions of labor, and patterns of risk sharing, that place the greatest burdens on the United States while underwriting allied recession from equal responsibilities. Enemies will be emboldened seeing opportunities in our retrenchment. American strength can absorb the increased risk; allies have thinner margins and these cuts will make the world more dangerous for them.

### **Quantity Has A Quality All Its Own**

The spending agreement finally reached by Congress in August 2011, just before the Treasury became incapable of paying our national bills,

necessitates significant reductions in government outlays. And much of the burden of reducing spending will fall to the Department of Defense. Whether or not this is justified is now a moot point. Secretary Leon Panetta has accepted that defense, broadly defined to include not just DOD but also homeland security, veterans affairs and nuclear programs, will reduce projected spending by \$350 billion across ten years. And how could he not, since agreeing to President Barack Obama's even larger \$400 billion direct Defense cut had been a condition of the job offer?

The President announced his reduced DOD topline in the April 2011 speech that constituted his revised budget after it became clear even Democrats in the Senate would not risk voting for the spending increases outlined in the President's FY 2012 budget. The bipartisan Simpson-Bowles Commission recommended nearly \$1 trillion in defense cuts across a decade. Senator Tom Coburn (R-OK) released his own plan that would entail similar cuts to defense in the context of an even larger \$9 trillion debt reduction. The deal considered by the Gang of Six of budget leaders in the Senate would have resulted in an \$800 billion cut to defense across a decade. The political landscape has changed in ways that demand greater fiscal rectitude; the President and Congress are responding to, not driving, that impetus.

Former Defense Secretary Robert Gates was ominously silent in April 2011 when President Obama proposed the additional \$400 billion cut from defense spending. Gates had already wrung \$78 billion out of the five-year Future Years Defense Program and identified an additional \$100 billion for reprogramming to higher priorities within DOD. At that time, Gates had said "this plan represents, in my view, the minimum level of defense spending that is necessary, given the complex and unpredictable array of security challenges the United States faces around the globe."<sup>1</sup>

When the White House captured the savings that were intended for reinvestment within DOD, Secretary Gates derided the move as "math not strategy."

With blithe confidence President Obama had declared that "over the last two years, Secretary Gates has courageously taken on wasteful spending, saving \$400 billion in current and future spending. I believe we can do that again." His confidence was not echoed by the Defense Department. DOD was the only federal agency whose budget was specifically targeted with cuts. Both Gates and Admiral Michael Mullen cautioned repeatedly that Defense had been cut as much as was possible within the current framework of missions and forces. Any further reductions in the DOD budget would be accompanied by significantly increased risk.

<sup>1</sup> Robert Gates, quoted in John Hudson, "Gates Pushes for Biggest Military Spending Cuts of Post 9/11 Era," *The Atlantic*, [www.theatlanticwire.com/politics11](http://www.theatlanticwire.com/politics11) January 2011, viewed August 12, 2011.

The anodyne language of risk is DOD's way of sounding the alarm that the choices under consideration by the civilian leadership are irresponsible. Increased risk more nakedly stated means increased casualties and increased likelihood of failure. Secretary Gates put the civilian leadership—both in the White House and in Congress—on notice that they could not pretend any further cuts would not have a significant and damaging effect on our defense posture. “[. . .] to shirk this discussion of risks and consequences and the hard decisions that must follow—I would regard as managerial cowardice.”<sup>2</sup>

As the dimensions of the debt ceiling deal became clear, Secretary Panetta and the military leadership grew more publicly assertive about the risk that cuts to defense—of the magnitude necessitated by across the board reductions in federal spending—that would be triggered if the “super committee” does not reach agreement on an additional \$1.2 trillion this December. Cuts of such dimensions cannot be accommodated within the existing framework of defense strategy and budgets.

Leon Panetta used his first press conference as Defense Secretary to describe the automatic cuts that would fall on DOD as a “doomsday mechanism” that would be “unacceptable” and vowed to fight against them coming into effect.<sup>3</sup>

Admiral Mullen echoed the warning, describing the second tranche of cuts as “devastating.” Service Vice Chiefs testifying before House Armed Services likewise viewed as dangerous the \$1.6 billion in cuts that both phases of budget cuts might entail.<sup>4</sup>

Automatic across the board cuts of the kind passed into law with the debt ceiling legislation would be the most damaging, because they are the most arbitrary. Yet, this is most likely the outcome because it gives liberals the greatest shelter for their preferred domestic programs. Any deal that Republicans would agree to for the second phase reductions of \$1.2 trillion would have Defense cut less than the automatic sequestration, thereby pushing more cuts into domestic programs.

The only real hope for avoiding this outcome is a genuine grand bargain for mid-term debt reduction that raises revenue by broadening the tax base and reduces spending by restructuring entitlement programs. It is, however, illustrative that President Obama denounced that approach after the House of Representatives passed a budget predicated on those elements, and again declined that offer in further negotiations with House Speaker John Boehner.

<sup>2</sup> Secretary of Defense Robert Gates, American Enterprise Institute (Department of Defense, May 24, 2011).

<sup>3</sup> Secretary of Defense Leon Panetta, quoted in Jim Michaels and Tom Van den Brook, “Panetta Warns that Defense Cuts Above \$400B Would Be Harmful,” *USA Today*, August 4, 2011.

<sup>4</sup> Service Vice Chiefs: Significant Defense Cuts Would Fundamentally Alter Force Structure and Strategy, Congressman Randy Forbes, July 26, 2011.

Much likelier is that Defense is in for an extended period of austerity while the nation clumsily deleverages from our debt binge. President Obama has created a misplaced expectation of efficiency savings that will not be borne out. Marginal cuts to the existing defense program have already been exhausted. Secretary Gates and Admiral Mullen are absolutely right that we cannot responsibly make further reductions to defense spending without revising our strategy. The question, then, for DOD, is what strategy to adopt that is within a flat topline of roughly \$520 billion a year for the coming decade and as supplemental operations spending declines to zero.

## **Assessing the Environment**

Given the speed with which cuts will need to be identified—the super committee is required to report out at Thanksgiving, with sequestration going into effect in December—the departments subject to cuts will not be able to undertake a zero-based budget review. This is more of a problem for those agencies without rigorous requirements processes; that is to say, everyone except the Defense Department. The State Department, the U.S. Agency for International Development, the Veterans Department and the agencies with nuclear responsibilities will have a more daunting task of determining where to best protect capability as they cut costs, because they lack the rigorous process routine in DOD of identifying threats and arraying suites of capabilities to address them.

The most recent Defense Department assessment of the strategic environment is the Chairman of the Joint Chiefs of Staff's National Military Strategy, released in February 2011. It incorporates not only the President's National Security Strategy and the Quadrennial Defense Review, but also benefitted from the Congressionally-mandated Alternative QDR's perspective, which recommended a much different approach, significantly increasing spending for both a quantitatively larger force (especially in air and maritime power) and a qualitatively improved one repositioned to Asia.<sup>5</sup>

The National Military Strategy (NMS) is the third plank in the bridge of planning documents that begins with the President's guidance and proceeds with increasing specificity through the Secretary of Defense's instruction into the uniformed military's judgment of threats, identification of military tasks, direction to commanders, and apportionment of forces. The purpose of these documents is to translate strategy into discrete responsibilities. Because of the role it plays in this planning process, the NMS is the most concrete high-level statement of what our military needs to do, and mostly free from the "every ornament on the Christmas tree" indiscipline that makes recent national security strategies of so little value.

<sup>5</sup> Alternative Quadrennial Defense Quarterly, cited in John T. Bennett, Alternate QDR: Boost Equipment Modernization, U.S. Force Size, Defense News, June 27, 2010.

The NMS is, then, a useful starting point for determining the essential national security functions our military must undertake even in a time of budget austerity. The February 2011 NMS says the strategic environment is characterized by:

- continued American military and economic predominance
- growing military capabilities and populations in Asia
- declining military capabilities and population in Europe
- non-state actors from terrorist organizations to state-owned energy companies
- weapons proliferation, especially in Asia and the Middle East; and
- increased threat to the “global commons” (what used to be known as freedom of air and sea navigation, now expanded to include cyberspace)

It would be difficult to conclude from this assessment that the United States is facing one of the more dangerous or difficult times in its history. In fact, the National Military Strategy portrays an environment largely conducive to American interests, manageable by “an adaptive blend of diplomacy, development, and defense.”<sup>6</sup>

Given the duration of austerity we are likely facing, this is welcome news.

The NMS does, however, contain warnings about areas of growing concern. It highlights that “terrorists’ abilities to remotely plan and coordinate attacks is growing, sometimes facilitated by global illicit trafficking routes, extending their operational reach while rendering targeting of their sanctuaries more difficult.”<sup>7</sup>

It expresses concern about increased reliance on counter terrorist strikes, cautioning that “while such operations disrupt in the short-term, they cannot be decisive and do not constitute a viable long-term strategy for combating extremism...violent ideologies are ultimately discredited and defeated when a secure population chooses to reject extremism and violence in favor of more peaceful pursuit.”<sup>8</sup>

It warns that “deterrence and assurance requires the ability to rapidly and globally project power in all domains.” This suggests we currently lack that capacity, or that our capacity is eroding.<sup>9</sup>

It emphasizes that “we must grow capabilities that enable operations when a common domain is unusable or inaccessible.”<sup>10</sup>

<sup>6</sup> National Military Strategy, 2011, (Department of Defense, February 8, 2011, p. 1).

<sup>7</sup> National Military Strategy, 2011 p. 6.

<sup>8</sup> Ibid.

<sup>9</sup> Ibid., p. 8.

<sup>10</sup> Ibid., p. 9.

It singles out China, Iran, and North Korea as regional threats. It warns that we must take better care of our force.<sup>11</sup>

Finally, the National Military Strategy concludes that “a further degradation of readiness for the full range of military operations would undermine our ability to fulfill our national defense objectives—an unacceptable risk.”<sup>12</sup>

These are all serious concerns. And they identify areas where the military advice of the Chairman of the Joint Chiefs of Staff is concerned, that we must not just sustain current defense efforts, but improve our performance. To summarize, the areas of military endeavor in which we need to focus most are:

- preventing terrorist attacks
- defeating jihadist ideology
- improving prompt global strikes
- operating in contested commons, including cyberspace
- countering aggression by China, Iran, and North Korea
- caring for our force
- preserving readiness

Admiral Mullen’s list of “need improvement” in the National Military Strategy is expansive. That this list has been unattainable in an unrestricted budget environment suggests it will be even less so when the constraint of affordability is applied.

The seminal question the current budget exercise must pose to our military leadership is the prioritization of Admiral Mullen’s recommendations in the National Military Strategy. Where should we accept risk, given that we will not apportion the money to address all the shortfalls the NMS identifies?

The current budget exercise portends a ten-year period of austerity, which constitutes near-term planning in defense. Major trends are apparent, but life cycles of equipment systems extend beyond the time frame. Catastrophic developments are possible and must be hedged against, but longer-term concerns are unlikely to become dispositive.

What follows is one assessment of where to accept risk.

## **The Wars We Won’t Fight**

Our military’s size and the equipment with which it is outfitted are a function of the types of wars we expect to fight. Presidential candidate Jon Huntsman was rightly ridiculed for suggesting the United States determine what wars to fight based on their cost.<sup>13</sup>

<sup>11</sup> Ibid., p. 17.

<sup>12</sup> Ibid., p. 20.

<sup>13</sup> John McCain Admonished Jon Huntsman on War Stance, ABC News, June 21, 2011. [blog-s.abc.news/george/2011/06](http://blog-s.abc.news/george/2011/06).



We must instead find ways to make affordable those wars we need to fight. The experience of the wars in Iraq and Afghanistan suggests the United States has developed a sophisticated intellectual understanding and operational enactment of how to win a counterinsurgency war. Moreover, the United States has demonstrated an unexpected and admirable perseverance in fighting them. However, the difficulty in conducting these wars, depending as they do on building the capacity in failing or failed states for governance and provision of security, is wearily enormous. Defeating counterinsurgencies typically require more than a decade of sustained involvement, as well as developing an indigenous leadership committed to the same goals. This leadership must be considered legitimate by their own population.

It is a difficult recipe to make, and resource-intensive even for good cooks. As a result, there will be a disinclination to fight these wars in the future. In fact, there is a disinclination to fight them now, as is clear by the President setting an arbitrary withdrawal date for the wars in Iraq and Afghanistan, and by our approach to similar emergent circumstances in other countries. Future counterinsurgencies are more likely to look like our involvement in Yemen than that in Afghanistan.

We may need to fight these wars in the ten-year time frame of this budget austerity, but for the exhausting task as much as the costs associated with undertaking it, the United States is likely to fight these wars by other means. Those means are sub-optimal, as the National Military Strategy cautions. But they are nonetheless much more likely to be chosen in the future, as they are already being chosen. Therefore the force should not be sized and equipped with counterinsurgency wars as the driver of requirements.

Removing the counterinsurgency requirement would principally affect the size of the Army and Marine Corps. Cost savings would result not only from fewer soldiers and Marines, but also from the associated costs of equipping and training them for the fight, caring for them and their families subsequently.

The shift of focus away from counterinsurgency may allow the Marine Corps to return to its specific expertise, amphibious warfare. The demands of the wars in Iraq and Afghanistan have meant Army and Marine ground units have been used interchangeably, both optimized to the counterinsurgency fights. If we give up the requirement to fight that type of war, both the ground forces could have wider latitude to differentiate themselves by returning to their core warfighting competencies.

In the past decade, National Guard and Reserve Component forces have been included in the regular rotation of units fighting the wars in Iraq and Afghanistan. They have also taken over for active units in missions to train allied forces. This is because our forces are small relative to the demands put on them. The burden has been enormous for our citizen soldiers, their families, and the employers who commit to keep their jobs while they are deployed. The winding down of force requirements for the wars should have precipitated a reversion to the traditional model of Guard and Reserve forces as

mobilizable supplements and “big war” enablers to the active force. Unless provisions are made to ensure Reserve Component forces are also allowed to revert to their traditional role in the total force, one real drawback to force reductions will be the likely continuation of policies that treat Reserve Component forces as a regular part of the force.

## **The End of the Whole of Government Dream**

The degree of difficulty in prosecuting counterinsurgencies is increased even more by the inability of our own government to master the civilian tasks that capitalizing on our military gains requires. The migration of civilian tasks into military organization in Afghanistan is a sad litany of non-defense agencies’ inability to master their side of the ledger. Our military power is surely (as the NMS emphasizes) most effective when employed in concert with other elements of power. But those other elements of power are not strong enough to carry that freight. They may want to be better, may even (like USAID) have plans to become better. However, in the last decade of this testing, they have not achieved the necessary level of performance. This suggests they will not continue to be given the money to do so.

The United States may instead be forced to reconsider its war aims to diminish their dependency on non-defense agencies. Whole-of-government operations has become the Holy Grail of those who would perfect our national security institutions. If only a Goldwater Nichols for the interagency or an integrated national security budgeting process could be achieved, all of the politics could be squeezed out of policy and the U.S. national security apparatus would function with admirable efficiency. Alas, we are a government designed by people who fear the consolidation of power, and are, therefore, never going to get an interagency that functions by sleek design rather than capable management of a discordant process.

The budget of the Department of State and USAID has increased by 155 percent since 2001. Development assistance has more than doubled, the size of the Foreign Service nearly so. Despite commitment by the last three Secretaries of State to transform the Department into a modern diplomatic corps, the foreign service remains wedded to reporting while American diplomacy wears combat boots.<sup>14</sup>

In a time of budget austerity where sinew is being cut from DOD spending, the non-defense agencies ought to be subject to even greater cuts than Defense, on the argument that they are performing less well. At a minimum, they should be subjected to the intensive programmatic review that will occur in DOD, and trade-offs made across the national security

<sup>14</sup> Matt Armstrong, American Public Diplomacy Wears Combat Boots: Proposed Strategic Communication Management Board to Advise Secretary of Defense, Mountain Runner, May 19, 2008.

agencies based on their cost effectiveness in providing essential national security services in a tightly constrained budget environment.

## The Entitlements Trap

Todd Harrison has written compellingly about the guns vs. butter trade-offs we now face within our defense program.<sup>15</sup>

Pay, retirement pensions, and medical benefits internal to DOD's budget pose the same kind of dilemma for defense spending that those entitlement programs are causing in the broader federal budget. Medical spending within DOD was \$19 billion in 2001, and has risen to \$55 billion last year. Part of that increase is the war wounded, an absolute expense that should not be spared. But another part of military entitlements has been generous promises to facilitate recruitment and retention, and lavishness of the Congress in time of war (such as the 2008 Webb Bill on veterans' benefits that was so generous it incentivized service members actually leaving the force rather than remaining on active duty).

Congress is extraordinarily resistant to cutting military benefits: it plays to conservatives' national security bent, and liberals' desire to extend social protections to the broadest possible contingent of Americans. And supporting our troops is, thankfully, a bipartisan vote getter throughout the land. Secretary Gates tried for the first two years of his tenure to rein in entitlement spending and was rebuffed so soundly he didn't even bother proposing the modest increases in co-pays he favored (Tri-care fees have not been raised in fifteen years).<sup>16</sup>

But as the counterinsurgency wars draw down and the size of the force is reduced, conditions should allow a contraction of benefits programs. It should also occasion reconsidering the twenty-year threshold payout for benefits. Twenty years is not a canonical number and should not be as prevalent in our benefits planning, especially not as Americans are living much longer and most military retirees go on to subsequent professions. A more flexible program would allow targeting of benefits. For example, a typical enlisted Marine spends two tours in service without accruing retirement benefits; a program that rewarded length of service rather than a jackpot at twenty years would be of greater assistance.

The current structure of military benefit programs also internalizes to DOD accounts money that would be spent outside the defense budget if veterans over 65, and without significant medical considerations, participated in Medicare. There are numerous small-bore changes to current DOD

<sup>15</sup> Todd Harrison, *The New Guns Versus Butter Debate*, Center for Strategic and Budget Priorities, May 24, 2010.

<sup>16</sup> Peter Finn, "Robert Gates Says Healthcare Costs Hurt Defense Budget," *U.S. News and World Report*, February 24, 2011.

entitlement programs that could be made without breaking our vow to care for our service men and women and their families.

There is also a moral argument to be made against entitlement spending crowding out operational spending in defense. As in our broader societal argument, the current structure of entitlements programs benefits the elderly at the expense of the young—they are large-scale transfers from young to old. If entitlement spending within Defense continues apace, it will constrict the money available for training, equipping, and caring for current and future service members.

As DOD explores ways to make cuts of nearly \$1 trillion across a decade, military pay and benefits must be brought into alignment with a smaller budget. One that takes care of its people without sacrificing the research, development, procurement, training and operations that are also core components of our military power.

No significant changes can be made to military benefits without strong support of the Service Chiefs. But the Service Chiefs have an interest in preserving combat power as well as ensuring honorable care for those who serve. Strong institutional support from the Services and personal support from the Chiefs will be necessary to overcome opposition from veterans' groups and to give protection to members of Congress that vote to support any recommendations for reduced benefits that come from the Pentagon.

## **The Essential Component**

The American military is more heavily dependent on computer networks than any other capability. Our warfighting abilities are enabled in truly amazing ways by our ability to collect, process, communicate, and act on information. This, of course, also makes us uniquely vulnerable to network disruptions, as it would impede our ability to collect information, relate it to what is already known, exploit the speed at which we can understand enemy activity, disperse that information and bring force to bear. It is an expensive undertaking and always a work in progress because of the rate of technological innovation.

The United States can, to some extent, drive the technological developments clandestinely through black programs (intelligence programs for which there is only a classified Congressional review), and more generally due to the magnitude of money we direct at both developing and sustaining superiority in the cyber domain. In the 1950s, the American way of war changed from mere resources to heavy reliance on technological advancements. This trend has never really been contested. Even if research, development, and procurement funding is cut substantially, information networks are likely to escape most of the cuts. And they should. They are both our crucial dependency and our enabling advantage. Our military operations increasingly rely on near omniscience, gathering information and acting faster than an enemy can adapt.

Wehrmacht General Erwin Rommel worried after winning the initial engagement against Americans at Kasserine Pass that “the Americans made numerous mistakes...but they are learning.” And that has remained true of our military. Given time, they will figure out a way to win. In fact, it could be the most important lesson America’s enemies take away from the experience of al Qaeda.

Beyond just the technology, it is a knowledge advantage that should be preserved at virtually any cost. The knowledge resides in both the people and institutional processes of our military. At its best, it is a nimbleness of mind that sees changing patterns, adapts understanding, and develops effective ways to deal with rapidly developing circumstances. Innovation—technological and tactical—is our long suit, both as a country and as a military.

These are traits that tend not to be shared by the militaries of the three main states we are concerned about: China, Iran, and North Korea. Those regional powers bring long suits of their own: numbers of combatants, increased spending, development of impressive new weapons, willingness to use methods the U.S. military might blanch at, leaders unconstrained by public attitudes.

As we make hard choices about reducing our defense capabilities, it merits remembering how much we are good at, and how difficult it is to replicate the cultural conditions that make our military so creative and quick to adapt. We have the most combat hardened military since World War II; a huge spending advantage, even with the contemplated cuts, several fold greater than any potential enemy and a huge head start that will take decades for others to replicate; military systems of redundancy and with resiliency that no known defense program comes anywhere close to matching; an open political system that solves problems and builds public support for decisions; and a fostering public attitude toward our military. Such a confluence of advantages is nowhere on the horizon in potential challengers.

## **Wars We Cannot Lose**

One crucial difference between the counterinsurgencies we have been fighting and the regional wars we may be forced to fight is time. Counterinsurgencies are slow evolving; where mistakes are costly, these wars tend to have the luxury of time to refine strategies and overcome resistance. Time is unlikely to be a characteristic of an attack by China, Iran, or North Korea.

The paucity of time to adapt in high-intensity warfare argues for shifting our training and education resources as well as our force structure back to this frame of reference. The Army’s training centers and educational institutions have optimized their teaching to the problems associated with countering insurgencies. Those resources would be better directed in the near-term to understanding of wars we could be called on to fight in the coming decade. It argues for optimizing leadership selection in different ways, too.

Acquisition programs that can attenuate the demands of time should also be at a high premium. While ballistic missile defenses have made disappointing progress, their value once operable is so high they merit continued resourcing. In fact, it would be difficult for any President to explain cancellation of population defense systems in an age of such rampant missile and potential nuclear proliferation.

Fighting in a degraded environment conjures up post-apocalyptic visions of soldiers fighting in radiation suits. However, our information dependence makes the need much broader. Whether ensuring that sailors can plot course by sextant or communicate without the Internet's help, it would hedge against catastrophic failure and diminish the value to our enemies of attacks on our information networks. The National Military Strategy's emphasis on this is an important new element of preparing ourselves for wars against enemies with the resources and weapons to have systemic effects on our ability to fight.

This is not an argument for allowing our military to return to the war they want to fight (the Air Force has been particularly negligent in this regard). Rather, it is an argument for marshalling our intellectual resources toward understanding how wars with China, Iran, and North Korea might incorporate elements those countries have seen used effectively against American forces into a high-intensity war of their choosing. A budget constraint as severe as the one imposed by the sequestering process will require us to be selective even about what our military spends its time learning, and that must follow the trajectory of the wars we cannot lose.

In determining what those wars might be, it is not an inconsequential question to ask who would fight us. Admiral Mullen's answer in the National Military Strategy is China, Iran and North Korea. Are there others? Weak and resentful as it is, Russia remains more capable than any other state of inflicting damage on the United States.

For non-state actors, better monitoring, better defenses and better strike capacity are likely to become the mainstays of our management. Where states are concerned, political relationships attenuate the risks, because they bring other means into play that expand the tool kit. Politics can, of course, be as much trigger as buffer to wars, but the predominance of U.S. power in the ten-year time frame (associated with the current budget austerity) suggests the risk is low for the United States becoming involved in a major interstate war. Moreover, we have various and not inconsequential non-military means for assisting in the imposition of our will.

## **Bad News for Allies**

If the United States has the luxury of absorbing the increased risk associated with large defense cuts anticipated by deleveraging our national

debt, most American allies do not. Our strategic circumstances amplify the effects on them. Just as our allies have been greater beneficiaries of our power than we (since they paid less for it in blood and treasure than did Americans), there will be greater risks off-loaded to them of our reductions in defense capability.

When the NATO bargain was struck in 1949, the Article 5 guarantee that “an armed attack against one or more of them in Europe or North America shall be considered an attack against them all,” was not undergirded by an integrated military command and did not envision the long-term stationing of U.S. forces in Europe. Testifying in support of those policies after the North Korean attack on South Korea in 1950, Dwight Eisenhower cajoled a reluctant Congress to retain U.S. troops in Europe as a temporary measure, until those countries’ economies recovered the strength to provide forces adequate to their own defense.

Often overlooked in paeans to NATO is the continuation of Article 5:

consequently they agree that, if such an armed attack occurs, each of them, in exercise of the right of individual or collective self-defence recognised by Article 51 of the Charter of the United Nations, will assist the Party or Parties so attacked by taking forthwith, individually and in concert with the other Parties, such action as it deems necessary, including the use of armed force, to restore and maintain the security of the North Atlantic area.<sup>17</sup>

This passage reminds us that NATO’s founders were extremely cautious not to be too specific or binding about what assistance would be forthcoming and when. While it is unlikely that U.S. retrenchment will actually result in overt reconsideration of our current alliance relationships, it will likely export to allied countries more of the responsibility for their own defense. In many cases, like that of Europe, Japan and South Korea, this is long overdue. They have grown in vibrancy and prosperity compared to those countries they fear. And they have had an American security guarantee that permitted them not to shoulder alone the burden of building defenses against their enemies, a luxury that has fostered the prosperity in their nations.

What has become onerous, and will likely be more visible as money gets really tight in the U.S. defense establishment, is the slow accretion to us of greater responsibility than those allies for common endeavors. Because the United States has sustained its military might while others have not, a moral hazard has taken root in some alliance relationships. Namely, it is expected that the United States will undertake the most dangerous missions, allowing allies showcase roles for participation. The United States has been complicit in this emergent bargain because we valued wide cooperation more than operational contribution. This will undoubtedly be less the case as our own forces face tough trade-offs and are forced to accept greater risk in our own operations.

<sup>17</sup> WashingtonTreaty. <http://www.natoint./cps/en/natolive/officialstext17120.htm> viewed August 12, 2011.

Europeans sometimes wave off this concern as though the United States somehow had a sacred obligation to do more than other states. “That’s the price of being a superpower,” has often been complacently offered as justification for equally capable states doing less. And with NATO allies, in most cases their choices about defense spending mirror a declining social willingness to use force as an element of state power in the international system. For example, given the difference in capability between Britain, France and Germany (the EU 3 negotiating with Iran about its nuclear program), any of the three of them could destroy Iran’s nuclear infrastructure; yet it would not occur to them individually or collectively to mount such a military operation. Half-measures in Libya notwithstanding, European militaries are much more capable than their leaderships give themselves credit for, in large part because they have shifted the responsibility for military action to the United States.

That transfer will not be sustainable in a budget environment of the austerity imposed by serious debt reduction programs under consideration in Congress. Our forces will be smaller, and therefore less available—or available for shorter duration and on longer lead times. Allies dependent on U.S. military reinforcement will have to adjust their own defense programs to account for more of the burden, especially the initial burden, of their defense resting on their own forces, or forces they can ally in addition to us.

It will be an enormous adjustment, one accompanied by resentment for our unilateral decisions affecting their well being. Most of America’s closest allies are likewise experiencing budget austerity, so even less able or willing to compensate for our reduced commitment by increasing their own. But this is an overdue adjustment. The United States had allowed the expectations of our obligations to inflate far beyond what we should have. In Europe, for example, our commitment went from reconquering Germany should it be attacked, to stationing troops in Germany to deter attack, to accepting the risk of nuclear attacks on the U.S. homeland in return for defending Germany, to developing elegant concepts of operations like Follow On Forces and AirLand Battle, that would attack approaching enemy forces before they even got to Germany, to sustaining our forces in Germany as Germany reduced its own defenses to focus on integrating its unified country.

We have numerous means to sustain our allied commitments, and we are likely to do so, but in ways and at levels more commensurate with what allies themselves contribute to the fight. This recalibration of America’s alliance relations will pull some allies closer and open up greater distance between us and others.

## **Toward A More Cost-Effective Strategy**

One reason the era of warfare ushered in by the terrorist attacks on the United States on 9/11 has been such a big adjustment for American policy



makers is the vexing inequality of the exchange ratio: al Qaeda only needs to be right occasionally, can attack selectively, but we need to defend everywhere and be right all the time. They can expend as little as \$10,000 and precipitate a several trillion dollar response from us, changing whole industries (travel) and redirecting swathes of activity by us. As we consider cuts to our defense accounts, American strategists should grapple with ways to rebalance that exchange ratio.

The American military is brilliant at effectiveness; efficiency not so much. We will need to relearn the cost-consciousness of an earlier age. We must study the mistakes of previous cuts beyond the harangue about how we always cut too much after wars. We may need to simplify the objectives we expect our military to achieve. Bottom line: the standard we have set in our recent wars is unachievable by the means we will have available to us. We will need to learn to think in terms of layered defenses, with high combined reliability even if each component contributes less than we would like. We will need to think anew about the meshing of homeland defense and Defense responsibilities, and about whether to extend timelines that had only been shortening in our lifetimes. We will need to think discriminately about what alliance relationships we need and should invest in to manage the problems we must solve.

American society is brilliant at so many things; yet in response to the threats of our age, we very often reach for strategies that are counter to our culture and to our strengths. This, too, we need to reconsider in what is likely to be a long period of fiscal austerity. It has often been said that Americans really have no strategy, they just have so many resources they can overwhelm problems. There is, of course, some truth to the argument. We tend to throw resources at problems we consider important, and that facilitates development of good solutions. But the argument is also condescending supposing that resources are all that America possesses, which is not—and has never been—true. Our challenge in a period of extended austerity is to prove that our strength is more than a reflection of our spending.

